

Message Text

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15

ACTION EB-07

INFO OCT-01 EUR-12 NEA-09 ISO-00 AID-05 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-01

CEA-01 L-02 H-01 PA-01 PRS-01 USIA-06 /091 W

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R 240737Z FEB 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 2323

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY TEHRAN

LIMITED OFFICIAL USE KUWAIT 0877

E.O. 11652: N/A

TAGS: EFIN, EINV, KU

SUBJECT: BANK OF AMERICA EXPANDING OPERATIONS WITH KUWAITIS

1. AMERICA'S LARGEST BANK, BANK OF AMERICA, APPEARS ON VERGE
SIGNIFICANTLY EXPANDING OPERATIONS WITH KUWAITIS. FIRST LINK
BEGAN YEAR AGO WHEN B OF A BEGAN MANAGEMENT OF NEWLY FORMED
KUWAIT REAL ESTATE BANK (KREB). KREB AND B OF A HAVE RECENTLY
BEGUN NEW JOINT VENTURE, KUWAIT PROPERTY INTERNATIONAL, WHICH
IS BASED HERE BUT WILL BE MANAGED IN SAN FRANCISCO. KPI IS 48
PERCENT OWNED BY B OF A, A \$500,000 INVESTMENT FOR THE BANK.
COMPANY IS 52 PERCENT OWNED BY KREB? A PRIVATE KUWAITI INSTITUTION.
DESITE ITS PRIVATE OWNERSHIP, KPI IS EXPECTED TO BE THE PRINCIPAL
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INTERMEDIARY FOR THE PLACEMENT OF OFFICIAL GOK FUNDS INTO REAL

ESTATE INVESTMENTS IN THE WESTERN US, CANADA AND MEXICO. KPI'S MANAGING DIRECTOR WILL BE CRAIG OVERTURF WHO IS ALSO PRESIDENT OF B OF A INTERNATIONAL REALTY CORPORATION. HIS ADDRESS IS C/O B OF A WORLD HEADQUARTERS, POBOX 37000, SAN FRANCISCO, CALIFORNIA 94137.

2. B OF A WILL LIKELY BE LINKED INFORMALLY WITH KUWAIT REAL ESTATE INVESTMENT CONSORTIUM WHICH OWNED IN PART BY KREB. SOME B OF A PEOPLE AT KREB HAVE BEEN ASKED TO JOIN KREIC WHICH WILL INVEST SEVERAL HUNDRED MILLION DOLLARS IN REAL ESTATE PROJECTS IN EGYPT AND SYRIA INITIALLY, AND LATER ELSEWHERE IN ARAB WORLD.

3. FINALLY B OF A PRESENTLY NEGOTIATING WITH KHALID MARZOUK, ONE OF KREB'S PRINCIPAL OWNERS REGARDING A NEW FOREIGN EXCHANGE FACILITY HERE. APPARENTLY MARZOUK HAS LICENSE TO DEAL IN FOREIGN EXCHANGE AND HAD ORIGINALLY TRIED TO INTEREST FNCB. B OF A CAME IN WHEN FNCB'S CHAIRMAN WRISTON DECIDED AGAINST ENTERING JOINT VENTURE. IF B OF A AND MARZOUK ENTER JOINT VENTURE, IT WILL REQUIRE OVER \$3 MILLION INVESTMENT BY B OF A. BUT AT LEAST SOME BANKERS LOOK UPON THIS AREA AS "GOOD BUSINESS". NOTE: INFO THIS PARA CONSIDERED SENSITIVE, AND WOULD BE CLOSELY HELD.

4. COMMENT: AS INDICATED IN OTHER REPORTS THERE HAS BEEN A NOTE-WORTHY INCREASE IN AMERICAN BANKING PRESENCE HERE AND IN US-KUWAITI FINANCIAL RELATIONSHIPS ELSEWHERE. B OF A HAS TO DATE BEEN MOST INNOVATIVE AND IMAGINATIVE OF AMERICAN BANKS SEEKING EXPANDED RELATIONSHIPS WITH KUWAITIS. IN ADDITION TO VENTURES DISCUSSED ABOVE WE UNDERSTAND A LARGE AMERICAN INVESTMENT COMPANY SERIOUSLY NEGOTIATING WITH KUWAIT INVESTMENT COMPANY TO ESTABLISH NEW MUTUAL FUND TO TAILORED TO KUWAITI AND PERHPAS REGIONAL INSTITUTIONAL BUYERS. ANOTHER POSSIBILITY IS ESTABLISHMENT HERE BY WELL KNOWN AMERICAN BANK OF CONSUMER FINANCE FACILITY TO BE USED MAINLY IN PURCHASE OF AUTOS, CONSUMER DURABLES AND HEAVY EQUIPMENT. STOLTZFUS

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